

1 **Volume 2: Cost of Service Study**
2

3 **Q. In the Board’s July 7, 2023 response to the Consumer Advocate’s request for a re-**
4 **hearing of the MUN-T2 Transformer Replacement project application, the Board**
5 **states “the Long Pond Substation is a redundant supply point which was fully funded**
6 **on behalf of the customer as a special facility.”**

7 **a) Was it? Please explain.**

8 **b) Please identify all facilities and costs associated with Long Pond Substation and**
9 **the line(s) serving Long Pond Substation both at the time of construction and**
10 **since constructed in 2019, and confirm that none of these costs are included in**
11 **the cost of service study, that none of these costs are included in Newfoundland**
12 **Power’s rate base and that no other customer on the system is contributing to**
13 **these costs.**

14
15 **A. a) Yes, construction of the Long Pond (“LPD”) Substation was fully funded on behalf of**
16 **the customer. This is because it was a redundant supply point and considered by**
17 **Newfoundland Power to be a *special facility* in accordance with clause 9(c) of the**
18 **Company’s *Schedule of Rates, Rules and Regulations*.¹**

19
20 The redundant nature of the LPD Substation and the requirement for a customer
21 contribution was explained in three previous applications filed by Newfoundland
22 Power. This includes: (i) Newfoundland Power’s *2019 Capital Budget Supplemental*
23 *Application – Approval for the Addition of a Substation on the North Side of the MUN*
24 *St. John’s Campus*;² (ii) Newfoundland Power’s *2023 Supplemental Capital*
25 *Expenditure Application – Memorial Substation Power Transformer Replacement*;³
26 and (iii) Newfoundland Power’s *2024 Capital Budget Application*.⁴ Redundancy of
27 the LPD Substation and the requirement for a customer contribution has been fully
28 considered by the Board.⁵

29
30 **b) A detailed description of the facilities and costs included in the project to construct**
31 **the LPD Substation was provided in the *2019 Capital Budget Supplemental***
32 ***Application*.⁶ The project was completed below its original budget.⁷**

¹ See Newfoundland Power’s *Schedule of Rates, Rules and Regulations*, effective July 1, 2023, page 8.

² See Newfoundland Power’s *2019 Capital Budget Supplemental Application – Approval for the Addition of a Substation on the North Side of the MUN St. John’s Campus* filed with the Board on January 30, 2019.

³ See for example, the responses to Requests for Information CA-NP-003, CA-NP-008, CA-NP-019, CA-NP-026, NLH-NP-001, NLH-NP-002, and PUB-NP-001 which were filed in relation to Newfoundland Power’s *2023 Supplemental Capital Expenditure Application – Memorial Substation Power Transformer Replacement*.

⁴ See for example, the responses to Requests for Information CA-NP-156, CA-NP-157, CA-NP-159, CA-NP-162, NLH-NP-027, and PUB-NP-013 which were filed in relation to Newfoundland Power’s *2024 Capital Budget Application*.

⁵ See Order Nos. P.U. 5 (2019), P.U. 14 (2023), and P.U. 2 (2024), respectively.

⁶ See the *2019 Capital Budget Supplemental Application – Approval for the Addition of a Substation on the North Side of the MUN St. John’s Campus*, Schedule A, Schedule B and the *Capital Budget Supplemental – Long Pond Substation Project* report, January 2019.

⁷ See Newfoundland Power’s *2019 Capital Expenditure Report*, February 28, 2020, page 5.

1 Newfoundland Power received a contribution from the customer for the full cost of
2 the LPD Substation.⁸ As such, these costs are not included in Newfoundland Power's
3 cost of service study and are not recovered from any other customers.

4
5 Newfoundland Power is currently in the process of upgrading the LPD Substation to
6 accommodate Memorial University's new electric boiler load. An itemized scope of
7 work for the project, including details of the necessary facilities, was provided in the
8 Company's *2023 Capital Budget Application*.⁹

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10 In accordance with the Company's *Schedule of Rates, Rules and Regulations* and
11 *Contribution in Aid of Construction (CIAC) Policy*, Newfoundland Power filed a
12 CIAC Application with the Board related to the LPD Substation upgrade. Since the
13 revenue from rates that will be received from the customer are in excess of the costs
14 to upgrade the LPD substation and serve the new load, no contribution was required
15 from the customer.¹⁰ When the project is complete, the costs and revenue associated
16 with the new load will be reflected in Newfoundland Power's cost of service study.

⁸ Following completion of the project, the customer contribution and the cost of the project were reconciled such that the total customer contribution was equal to the project costs.

⁹ See Newfoundland Power's *2023 Capital Budget Application*, Schedule B, page 85. The Application was approved by the Board in Order No. P.U. 38 (2022).

¹⁰ Newfoundland Power's *Application for Approval of a Contribution in Aid of Construction for an Upgrade to Long Pond Substation for Memorial University of Newfoundland* was approved in Order No. P.U. 5 (2023).